

**Annual Financial Report
March 31, 2005**

Richard L. Baldermann
Certified Public Accountant

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Sunfield Township		County Eaton
Audit Date 3/31/2005	Opinion Date 10/21/2005	Date Accountant Report Submitted to State: 10/31/2005		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Richard L. Baldemann, CPA			
Street Address 1197 Wild Cherry Drive		City Williamston	State MI
Accountant Signature <i>Richard Baldemann</i>		ZIP 48895	



SUPERVISOR

Brenda Gibbs

CLERK

Sheryl Smith

TREASURER

Vikki Spitzley

TRUSTEES

Danny Plowman

Tim Rumfield

Sunfield Township, Eaton County
March 31, 2005
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Richard L. Baldermann

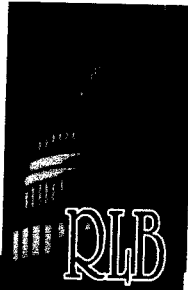
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INDEPENDENT AUDITOR'S REPORT

October 21, 2005

Sunfield Township Board
PO Box 68
Sunfield, MI 48890

Dear Board Members:

I have audited the accompanying basic financial statements of Sunfield Township as of March 31, 2005 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Sunfield Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Sunfield Township as of March 31, 2005 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*. The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

My audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The required supplemental information, budgetary comparison schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Richard L. Baldermann, CPA

Sunfield Township
Balance Sheet - Statement of Net Assets
March 31, 2005

Exhibit 1

	Balance Sheet Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash (Note 4)	\$ 130,512		\$ 130,512
Taxes Receivable-Delinquent	3,425		3,425
Assessments Receivable-Delinquent	5,577		5,577
Due From Tax Collection Fund	516		516
Due From State	16,748		16,748
Capital assets (Note 5)		\$ 180,902	180,902
Total assets	<u>156,778</u>	<u>180,902</u>	<u>337,680</u>
Liabilities			
Accounts payable	\$ 6,723		6,723
Deferred Compensation Payable	2,404		2,404
Due to Tax Collection Fund	29		29
Due to State	386		386
Due to Federal Government	467		467
Road Agreement Payable		75,909	75,909
Total liabilities	<u>10,010</u>		<u>85,919</u>
Fund Balances - Unreserved	<u>146,768</u>	<u>(146,768)</u>	
Total liabilities and fund balance	<u>\$ 156,778</u>		
Net Assets			
Invested in capital assets		180,902	180,902
Unrestricted		<u>70,859</u>	<u>70,859</u>
Total net assets		<u>\$ 251,761</u>	<u>\$ 251,761.11</u>

The Notes to Financial Statements are an Integral Part of this Statement.

Sunfield Township
Government Wide Statement of Activities
For the Year Ended March 31, 2005

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and	
	Expenses	Charges for Services	Operating Grants and Contributions	Changes in Net Assets	
				Primary Governmental Activities	Total
Primary Government					
General Government	\$ 78,429	\$ 12,424	\$ 3,363	\$ (62,642)	\$ (62,642)
Public Safety	77,570			(77,570)	(77,570)
Public Works	43,230	1,321	10,268	(31,641)	(31,641)
Health and Welfare	10,885			(10,885)	(10,885)
Other Functions	2,770			(2,770)	(2,770)
Interest on Long Term Debt	5,692			(5,692)	(5,692)
Total Governmental Activities	218,575	13,745	13,631	(191,200)	(191,200)
Total Primary Government	\$ 218,575	\$ 13,745	\$ 13,631	(191,200)	(191,200)
General Revenues					
Property Taxes				60,610	60,610
State Grants				110,798	110,798
Unrestricted Investment Earnings				2,504	2,504
Licenses and Permits				996	996
Other Revenue				78,937	78,937
Total General Revenues--Special Items and Transfers				253,845	253,845
Change in Net Assets				62,645	62,645
Net Assets--Beginning				189,251	189,251
Net Assets--Ending				\$ 251,761	\$ 251,761

The Notes to Financial Statements are an integral part of this statement.

Sunfield Township
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For the Year Ended March 31, 2005

Exhibit 3

Revenue	
Taxes	\$ 60,610
Licenses and Permits	996
State Grants	114,160
Local Grants	10,268
Interest and Rentals	2,504
Charges for Services	7,071
Charges for Services-Sales	6,674
Other Revenue	78,937
Total Revenue	<u>281,221</u>
Expenditures	
General Government	
Township Board	5,799
Supervisor	8,109
Assessor	14,134
Clerk	10,268
Treasurer	15,282
Board of Review	1,352
Elections	1,987
Cemetery	16,146
Public Safety	
Fire Department Appropriation	77,570
Public Works	
Drains-Public Benefit	26,774
Roads and Highways	7,280
Refuse Collection	6,301
Health and Welfare	10,885
Other Functions	2,770
Capital Outlay	2,401
Debt Service	40,372
Total Expenditures	<u>247,429</u>
Excess (deficiency) of revenue	
over expenditures	33,792
Fund Balance-April 1, 2004	112,977
Fund Balance-March 31, 2005	<u>\$ 146,768</u>

The Notes to Financial Statements are an integral part of this statement.

**Sunfield Township
Statement of Net Assets
Fiduciary Fund
March 31, 2005**

Exhibit 4

Tax Collection Fund

Assets	
Cash (Note 4)	100,174
Due From General Fund	<u>29</u>
Total assets	<u><u>100,203</u></u>
Liabilities	
Due to General Fund-Interest	415
Due to General Fund-Dog Licenses	101
Undistributed Tax Collections	<u>99,687</u>
Total liabilities	<u><u>100,203</u></u>

The Notes to Financial Statements are an Integral Part of this Statement.

Sunfield Township
Statement of Changes in Assets and Liabilities
Fiduciary Fund
March 31, 2005

Exhibit 5

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
Tax Collection Fund				
Assets				
Cash and Cash Equivalents (Note 3)	\$ 4,507	\$ 1,504,675	\$ 1,409,007	\$ 100,174
Due From General Fund-Bank Fees		29		29
Total assets	<u>\$ 4,507</u>	<u>\$ 1,504,704</u>	<u>\$ 1,409,007</u>	<u>\$ 100,203</u>
Liabilities				
Due to General Fund-Interest	3,640	\$ 410	\$ 3,635	\$ 415
Due to General Fund-Dog Licenses		1,010	909	101
Undistributed Tax Collections		1,501,257	1,401,569	99,687
Due to Taxpayers	866		866	-
Total liabilities	<u>\$ 4,507</u>	<u>\$ 1,502,677</u>	<u>\$ 1,406,980</u>	<u>\$ 100,203</u>

The Notes to Financial Statements are an Integral Part of this Statement.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sunfield Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Accounting and Reporting Change

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Sunfield Township has applied the provisions of this statement in the accompanying financial statements (including the notes to the financial statements).

B. Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity.

Sunfield Township is located in Eaton County and covers an area of 36 square miles. The Township provides services to its residents in many areas including fire protection, ambulance services, community enrichment and development, and human services. The Township is a general law township governed by a five-member board elected by the citizens of the Township. The Township Board consists of the supervisor, clerk, treasurer, and two trustees. The accompanying financial statements present the government and its component units, entities for which the Township is considered to be financially accountable. Based on the criteria established by the Governmental Accounting Standards Board (GASB), the Township has no component units.

Joint Venture

Fire District—Sunfield Township, in conjunction with Danby Township, Sebewa Township, and Sunfield Village, has entered into an agreement that created the Sunfield, Sebewa and Danby Fire Department. The Fire Department's board is composed of five members, of which Sunfield Township appoints one. The Township's financial responsibility is to contribute equal millage levy on real property taxable value. For the year ended March 31, 2005, the Township's contribution to the Fire Department was \$77,570.

Related Organizations

District Library—Sunfield Township in conjunction with the Village of Sunfield entered into an agreement to create the Sunfield District Library. The District Library is a legally separate organization established to provide library services to residents of the Township and Village.

The Sunfield District Library is located within the Village of Sunfield. The Library is operated by an eight-member Board, two appointed by the Village and five appointed by the Township, and provides library services to residents of Sunfield Township and Sunfield Village. The Township's accountability does not extend beyond this representation and making these appointments. Under a separate agreement with the State of Michigan, the Library provides services to residents of Sebewa Township. The Board is empowered to propose and levy upon approval of the electors a tax for support of the District Library. It may also borrow money and issue bonds pursuant to the District Library Financing Act 265 of 1988 (MCL 397.281 et seq.). The District Library indemnifies and holds harmless the participating municipalities from all claims and liabilities. The Township does levy a tax for the District Library; however, the Township does not hold title to any of the District Library's assets, nor does it have rights to any surpluses or responsibility to finance any deficits of the District Library.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

D. Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and state-shared revenue are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property Taxes--The Township property tax is levied and collectible on December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxes are returned delinquent to the County Treasurer on March 1. It is the Township's policy to recognize revenues in the current year when they are made available for the financing of Township operations.

The 2004 State Equalized Value of Sunfield Township amounted to \$78,484,200, on which ad valorem taxes of 1 mill was levied for Township operating purposes and 2 mills on real property was levied for fire department operations. The 2004 current tax levied included \$46,800 for Township operations and \$77,570 for fire department operations. The delinquent real taxes totaling \$3,425 and \$5,577 for the Township and fire department, respectively, are recorded as Taxes Receivable-Delinquent and Assessments Receivable-Delinquent.

The Township reports the following major governmental fund:

The General Fund is the Township's only operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of general Township departments.

Sunfield Township
Notes to the Financial Statements
March 31, 2005

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private-sector standards issued after November 30, 1989 for its business type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

G. Assets, Liabilities, and Net Assets or Equity

Bank Deposits--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." All property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed by the County.

Capital Assets--Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental column in the government-wide financial statements. Sunfield Township does not have a formal capital asset policy. Capital assets are defined as assets with an initial cost of more than an established amount and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Retroactive reporting of infrastructure assets is not required for units of government the size of the Township.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Sunfield Township
Notes to the Financial Statements
March 31, 2005

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets are different than those in the governmental fund balance sheet because:

Fund Balance	\$146,768
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	180,902
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	<u>(75,909)</u>
Net Assets of Governmental Activities	<u>\$251,761</u>

Amounts reported for governmental activities in the statement of activities are different than those in the fund statement of revenue and expenditures because:

Net Change in Fund Balance	\$33,792
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.	(5,826)
Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).	<u>34,680</u>
Change in Net Assets of Governmental Activities	<u>\$62,645</u>

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

The annual budget is prepared by the Township's management and adopted by the Board and subsequent amendments to the budget are approved by the Board. The annual operating budget has been prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America and at the department/activity level. Unexpended appropriations lapse at year-end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Township's actual expenditures and budgeted expenditures have been shown on a department/activity basis. During the fiscal year ended March 31, 2005, the Township incurred expenditures that were in excess of the amounts appropriated, as follows:

Drains-Public Benefit	25,000	26,774	(1,774)
Refuse Collection	5,000	6,301	(1,301)
Insurance Expense	2,500	2,770	(270)
Fire Department Appropriation		77,570	(77,570)

Sunfield Township
Notes to the Financial Statements
March 31, 2005

NOTE 4-CASH

Deposits are carried at cost. Deposits of the Township are made in banks in the name of the Sunfield Township Treasurer. Michigan Compiled Laws, Section 124.91, authorizes the township treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. The Township's deposits are in accordance with statutory authority.

Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits, are as follows:

<u>Deposits</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$126,008	\$126,008
Uninsured	<u>106,495</u>	<u>104,678</u>
Total Deposits	<u>\$232,503</u>	<u>\$230,686</u>

NOTE 5-CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$91,536	\$ 0	\$ 0	\$91,536
Subtotal	<u>91,536</u>	<u>0</u>	<u>0</u>	<u>91,536</u>
Capital Assets Being Depreciated				
Buildings	60,355			60,355
Parking and Driveways	1,500	19,326		20,826
Equipment	<u>29,673</u>	<u>860</u>		<u>30,533</u>
Subtotal	91,528	20,186		111,714
Less Accumulated Depreciation for				
Buildings	7,260	2,850		10,110
Parking and Driveways	62	902		964
Equipment	<u>14,058</u>	<u>4,476</u>		<u>18,534</u>
Subtotal	<u>21,380</u>	<u>8,227</u>		<u>29,608</u>
Net Capital Assets Being Depreciated	<u>\$77,408</u>	<u>\$20,186</u>	<u>\$8,227</u>	<u>\$89,366</u>
Governmental Activities Total				
Capital Assets-Net of Depreciation	<u>\$168,944</u>	<u>\$20,186</u>	<u>\$8,227</u>	<u>\$180,902</u>

Depreciation expense was charged to programs of the Governmental Activities as follows:

Governmental Activities	
General Government	\$5,352
Public Works	2,875

Sunfield Township
Notes to the Financial Statements
March 31, 2005

NOTE 6--LONG TERM DEBT

The Township entered into a contractual agreement with the Eaton County Road Commission for construction of highway improvements within the Township. The Township agreed to reimburse the County Road Commission for the costs of the project including payment of debt service on County bonds issued for the project.

The contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
County Road Agreement	6%	June 1	\$110,589	\$(34,680)	\$75,909	\$39,090

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End</u>	<u>Principal</u>	<u>Interest</u>
<u>March 31</u>		
2006	\$36,819	\$3,553
2007	<u>\$39,090</u>	<u>\$1,282</u>
Total	<u>\$75,909</u>	<u>\$4,835</u>

NOTE 7--DEFINED CONTRIBUTION PENSION PLAN

The Township provides pension benefits to its employees who are employed for more than 20 hours per week on a regular basis, the Assessor, and all Township Board members through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by Public Act 77 of 1989, as amended, the Township contributes 6.2 percent of the premium arising under the annuity. Each participating employee is responsible for the remainder of the premium through payroll deduction. Each employee covered under the annuity is fully vested after one month of the employee's eligibility in the plan.

The Township's total payroll during the current year was \$46,012. The current year contribution was calculated based on covered payroll of \$40,775, resulting in an employer contribution of \$2,509.

NOTE 8--RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for liability claims through Michigan Townships Participating Plan. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Sunfield Township
General Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2005

Exhibit 6

	Original Budget	Amended Budget	Actual	Variance with Final Budget
Budgetary Fund Balance, April 1, 2004	58,535	94,137	112,976	18,839
Reources (Inflows)				
Taxes				
Taxes	44,900	44,900	43,376	(1,524)
Delinquent Taxes			3,425	3,425
Administration Fee	12,800	12,800	13,809	1,009
Licenses and Permits				
Cable Franchise Fee	985	985	895	(90)
Dog Licenses			101	101
State Grants				
METRO Fee	2,275	2,555	3,338	783
Summer Tax Collection	3,340	3,340	3,363	23
State Revenue Sharing	100,000	100,000	107,460	7,460
Local Grants				
Recycling Grant-Eaton County			10,268	10,268
Interest and Rentals				
Interest	1,400	1,400	2,329	929
Rent	175	175	175	-
Charges for Serveces				
Grave Openings	6,000	6,000	5,750	(250)
Recycling Fees			1,321	1,321
Charges for Services-Sales				
Sale of Cemetery Lots	3,000	3,000	6,580	3,580
Sale of Scrap			94	94
Other Revenue				
Donations			800	800
Special Assessments			71,993	71,993
Delinquent Special Assessments			5,577	5,577
Refunds			292	292
Miscellaneous Clearing	10,000	16,074	275	(15,799)
Amounts Available for Appropriation	184,875	285,366	394,197	108,831
Charges to Appropriations (Outflows)				
General Government				
Township Board	18,360	18,360	5,799	12,561
Supervisor	10,000	10,000	8,109	1,891
Assessor	16,300	16,300	14,134	2,166
Clerk	11,495	11,495	10,268	1,227
Treasurer	16,750	16,750	15,282	1,468
Board of Review	1,700	1,700	1,352	348
Elections	2,300	2,300	1,987	313
Cemetery	17,695	17,695	16,146	1,549
Public Safety				
Fire Department Appropriation			77,570	(77,570)
Public Works				
Drains-Public Benefit	25,000	25,000	26,774	(1,774)
Roads and Highways	7,000	7,280	7,280	-
Refuse Collection	1,000	5,000	6,301	(1,301)
Health and Welfare	10,885	10,885	10,885	-
Other Functions				
Insurance Expense	2,500	2,500	2,770	(270)
Contingency	4,600	4,174		4,174
Capital Outlay				
Capital Improvements		2,500	2,401	99
Debt Service				
Debt - Principal	34,700	34,700	34,680	20
Debt - Interest	5,700	5,700	5,692	8
Total Charges to Appropriations	167,625	173,979	247,429	(73,450)
Budgetary Fund Balance--March 31	17,250	111,387	146,768	(35,381)

Richard L. Baldermann

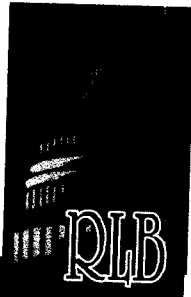
Certified Public Accountant

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October 21, 2005

Sunfield Township Board
PO Box 68
Sunfield, MI 48890

Dear Board Members:

I was engaged to audit the financial statements of Sunfield Township for the year ended March 31, 2005, and have issued my report thereon dated July 19, 2005.

In planning and performing my audit of the financial statements of Sunfield Township for the year ended March 31, 2005, I considered the Township's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Sunfield Township is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. These conditions are more fully explained in the attached report of comments and recommendations.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that error or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of management and other regulatory agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Richard L. Baldermann, CPA

Sunfield Township
Comments And Recommendations
March 31, 2005

OTHER REPORTABLE CONDITIONS

Although the following are not considered material weaknesses in the internal control structure, my audit disclosed certain other reportable conditions that I wish to point out for consideration by the management of Sunfield Township

Expenditure Documentation

In my examination of expenditures I found several instances of missing or inadequate documentation as follows:

- Documentation consists of a phone message with a note that says 10 hrs \$25.30 postage photocopies?;
- A letter request for postage from the Treasurer, but there is no bill from the post office;
- A WalMart receipt is used for documentation, but it is not clear what items are for the Township. The total receipt is \$75.90 of which \$28.25 is reimbursed by the Township;
- Several payments to VISA had no bills attached or one or more bills missing;
- Wills IGA Spring Cleanup expenses in December? Only 2 of 3 bills are copied for the invoice.

Justification for payment of township funds requires that all payments be supported by original documentation. Copies of bills and payment of a monthly invoice is not adequate. I recommend that all payments be supported by original and complete documentation.

Payment of sales tax

There were several purchases that the Township paid sales tax.

The General Sales Tax Act (MCL 205.54h) states in part:

Sales to the United States. . . and this state or its departments and institutions or any of its political subdivisions are exempt from the tax under this act.

I recommend that more care be taken to not use Township funds to pay a cost that is not necessary.

Payroll Documentation

Payroll documentation is normally any piece of paper with notations on it stating hours worked. There apparently is no formal time sheet for the use of employees.

I recommend that the Township develop a formal time sheet for use by employees that includes the following information:

- Employee Name;
- Social Security Number;
- Hours worked (daily);
- Work performed; and
- Total hours worked.

Capital Asset Records

Sunfield Township's capital assets recorded in the financial statements have not been updated as required by generally accepted accounting principles since 2003.

Generally accepted accounting standards require that a complete and up-to-date listing of the township's assets be maintained and included in the financial records of the township.

I recommend that the Township take appropriate action to assure that detailed records of the Township's capital assets are prepared annually, kept on file, and the information is recorded in the financial records of the Township.

Sunfield Township
Comments And Recommendations
March 31, 2005

Capital Asset Policy

Governmental Accounting Standards Board (GASB) Statement 34 requires local governments to capitalize and depreciate capital assets. The Township does not have a capital asset policy. This policy is necessary to establish the capitalization threshold, method of depreciation, and estimated useful life of the Township's assets.

I recommend that the Township Board adopt a Capital Asset Policy.

Treasurer's Tax Collection Cash Ledgers

The Treasurer's cash ledgers are not maintained in sufficient detail to determine if taxes collected for the various taxing units are distributed in the same amount.

- Accounting records are not maintained in sufficient detail to distinguish between:
 - Real and personal property taxes
 - Delinquent personal property taxes
 - Penalties on summer taxes
 - Interest on summer taxes

Following are the accounts (categories) used to record tax collections and distributions:

Revenue and Expenses
S04 Tax Collection
W04 Tax Collection
Overpayment

I recommend that the Treasurer establish the following accounts to properly account for the tax collection and distribution:

Due to:

County
SET
Eaton Intermediate
Dist Library
Ionia Intermediate
Lakewood School
Maple Valley School
Sunfield Twp-Sunfield-Sebewa Danby Fire
Sunfield Twp--Tax
Sunfield Twp-- Admin Fee
Sunfield Twp—Interest
Overpayments
Undistributed Personal Taxes

Those accounts must be used for collections and distributions.

NONCOMPLIANCE WITH STATE STATUTES

My examination revealed the following instances of noncompliance with State Statutes.

Approval to Pay Claims

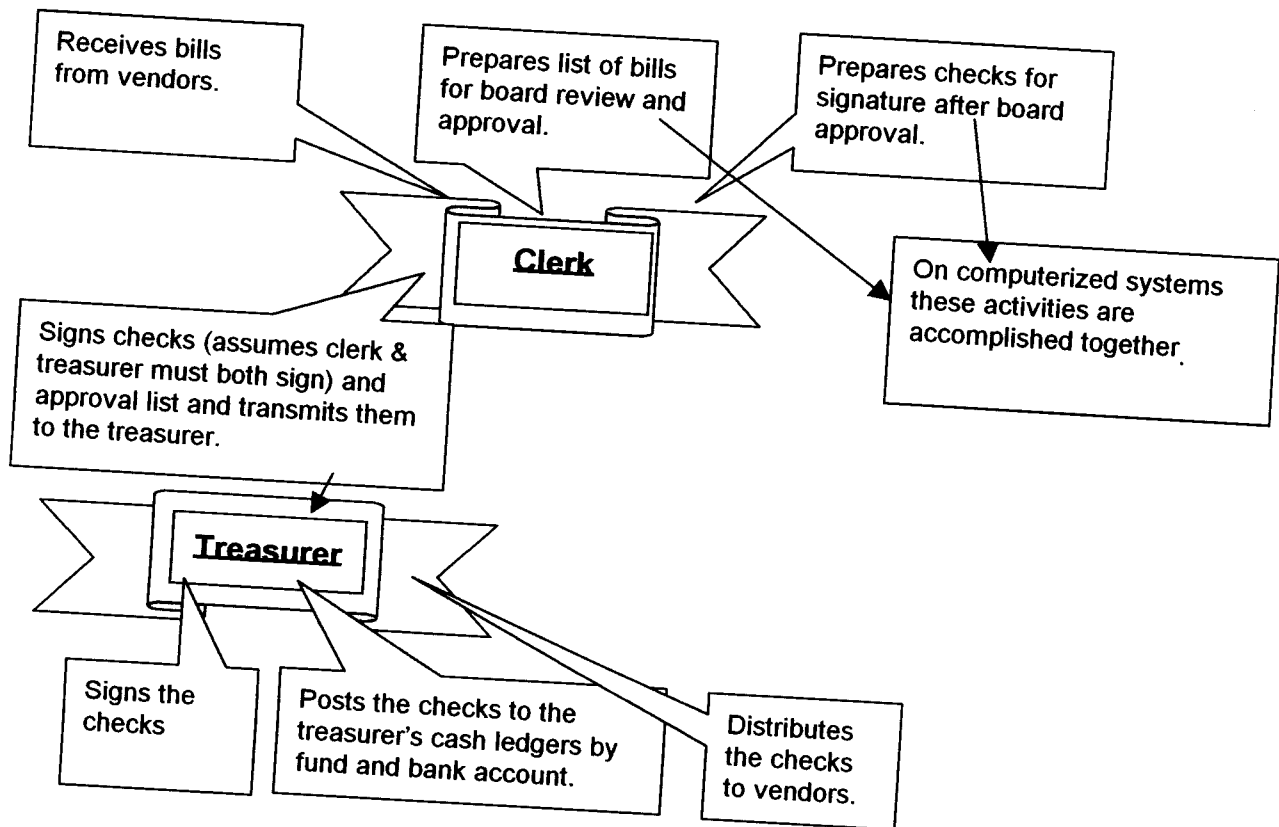
I found that the Township Board approves the previous months bill listing at each Board meeting. MCL 41.75 states in part:

... the township board shall approve claims against the township and authorize payment of allowed claims. Accounts approved by the township board shall be filed and preserved by the township clerk. The payments authorized shall be paid by the treasurer, on the order of the township board, signed by the township clerk.

The authority for the Treasurer to issue a check is the order of the township board signed by the township clerk. Current authorized procedure is the two-signature check. The Clerk's signature (or Deputy Clerk) satisfies the requirement of an order signed by the Clerk and the Treasurer's signature (or Deputy Treasurer) issues the check.

I recommend that the Township Board comply with statutory requirements. The following flow chart demonstrates the required procedure.

Disbursements



Sunfield Township
Comments And Recommendations
March 31, 2005

Special Assessment Tax Levy

Sunfield Township levies a special assessment millage to provide funding for the Sunfield, Sebewa and Danby Fire Department pursuant to the intergovernmental agreement. That levy is distributed directly to the fire department.

Because the Township levies the special assessment, the proceeds must be distributed to the Township general fund. The Township Board should provide an appropriation in the general fund budget in an amount equal to the special assessment levy to meet their obligation under the agreement.

Budget format

The Township's budget is categorized in a manner not entirely consistent with financial reporting format or with the Department of Treasury Uniform Chart of Accounts. The Uniform Budget and Accounting Act requires local units to prepare the budget *consistent with the uniform chart of accounts prescribed by the state treasurer*. [MCL 141.436(4)]. Only minor reorganization is necessary to be in full compliance.

I recommend that the budget be prepared consistent with the uniform chart of accounts prescribed by the State Treasurer.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the fiscal year ended March 31, 2005, the Township incurred expenditures that were in excess of the amounts appropriated, as follows:

Drains-Public Benefit	25,000	26,774	(1,774)
Refuse Collection	5,000	6,301	(1,301)
Insurance Expense	2,500	2,770	(270)
Fire Department Appropriation		77,570	(77,570)

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.